

COMMITTEE ON FINANCE

**November 19, 2002
Mayor and All Aldermen**

**Upon Recess of BMA
Aldermanic Chambers
City Hall (3rd Floor)**

Mayor Baines called the meeting to order.

The Clerk called the roll.

Present: Aldermen Gatsas, Guinta, Sysyn, Osborne, Pinard, O'Neil, Lopez,
Shea, DeVries, Garrity, Smith, Thibault, Forest

Absent: Alderman Wihby

3. Resolutions:

“Amending the 2003 Community Improvement Program, authorizing and appropriating funds in the amount of Twelve Thousand Eight Hundred Seventy Seven Dollars (\$12,877.00) for 2003 CIP 210303 HIV Counseling and Testing.”

“Amending the 2002 community Improvement Program, authorizing and appropriating funds in the amount of Three Thousand Three Hundred and Five Dollars (\$3,305.00) for 2003 CIP 210403 HIV Prevention.”

“Amending the 2003 Community Improvement Program, authorizing and appropriating funds in the amount of Two Thousand Seven Hundred Sixty Nine Dollars and Sixty One Cents (\$2,769.61) for 2003 CIP 410303 MHRA Community Policing Program.”

“Amending the 2003 Community Improvement Program, authorizing and appropriating funds in the amount of fifty Thousand Dollars (\$50,000) for 2003 CIP 410903 Weed & Seed Program.”

On motion of Alderman Thibault, duly seconded by Alderman O'Neil, it was voted to dispense with reading of the resolutions by titles only.

Alderman O'Neil moved that the Resolutions ought to pass and be Enrolled. Alderman Thibault duly seconded the motion. There being none opposed the motion carried.

4. CIP Budget Authorizations:

210003	Adolescent Pregnancy Prevention
210303	HIV Counseling & Testing (Revision #1)
210403	HIV Prevention (Revision #1)
210503	Homeless Health Care
210603	Immunization Services
210703	Lead Poisoning Prevention
211103	STD Clinic
211303	Tuberculosis Control & Targeted Testing
211603	6% Incentive funds Alternative (Revision #1)
215703	Public health Preparedness & Response
410003	GTEAP&EPOP (Domestic Violence Funding)
410203	Local Law Enforcement
410303	MHRA community Policing (Revision #1)
410903	Weed & Seed (Revision #1)

On motion of Alderman O'Neil, duly seconded by Alderman Guinta it was voted to approve the budget authorizations subject to final adoption of any related resolutions.

TABLED ITEMS

On motion of Alderman Guinta, duly seconded by Alderman O'Neil, it was voted to remove items 5 and 6 from the table.

Alderman Guinta requested that Neighborhood Housing Services address the Board regarding these items.

Mr. Felix Torez stated that the project before you is the Straw Mansion, the redevelopment of the Uptown Motel as well as the Straw Mansion, to a mix of

affordable and market rate housing. We've asked for an increase in our CIP allocation. We were unfortunately unable to attend the last meeting, there were questions raised about the actual structuring of the funds and those were resolved with the Planning Department and the funds will go in as a 0% loan to the project. I am available for any other clarifications.

Alderman Guinta stated he thought it was the only concern unless other aldermen had an issue.

Alderman Gatsas asked can you explain to me how the, is that a 0 interest loan with no payback, or is that with a payback of principal, or explain to me what you worked out.

Ms. Sal Hubbard the deal as proposed is that the funds would go into the project as a 0 percent loan for 30 years with a principal payments from available cash flow as determined by an independent auditor, and that the principal would be due in full in 30 years.

Alderman Gatsas asked is that a standard loan that we have.

Mr. MacKenzie stated generally we follow the lead of like the NH Housing Finance agency and that is a fairly standard approach to affordable housing projects.

Alderman Gatsas asked is it the position of the Planning Department that that is a fair and equitable position for the City.

Mr. MacKenzie responded given that this actually could be a grant and in more difficult projects it would be a grant, in this particular case where there is a potential for net cash flow we would be getting back the principal either in near term payments or clearly the principal would come back at the end of 30 years. So the answer is based upon the pro forma that we saw that our staff reviewed this would be an appropriate loan by the City of the federal funds.

Alderman O'Neil stated at the last CIP meeting we had a lengthy discussion with regards to HOME funds, and reviewing grants versus loans and if they were loans how that was structured. In past it was strictly a judgement by the staff and the CIP Committee showed some interest in at least reviewing staff recommendations before any of these projects are moved forward. If you recall we had the project on Kelly/Pinard Street I think there was a project with regards I think to the Housing Authority so going forward it will be the intent of the CIP Committee that we will review a staff recommendation on loans versus grants, and if they are

loans the repay process. I don't believe this particular project received that review from the Committee because this goes back a little bit.

Alderman Guinta stated in my assessment there has been due diligence done on this project, we clearly in the City need affordable housing. NHS has done a wonderful job I would see no reason to further hold this up and would make a motion to move it on.

5. Resolution:

“Amending the FY2002 and FY2003 Community Improvement Programs, transferring, authorizing and appropriating funds in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) for FY2003 CIP 611403 Renaissance 7 Affordable Housing Project.”

(Tabled 10/15/02)

(NOTE: Communication from Director of Planning dated 11/12/2002 enclosed.)

On motion of Alderman Guinta, duly seconded by Alderman Osborne, it was voted to read the resolution by title only and it was so done.

Alderman O'Neil stated this is a loan and for clarification how is the repay based.

Mr. MacKenzie responded if the project shows a positive cash flow, which means based upon the income there is in theory a profit, that amount will be paid back to the City as a principal payment. In the event there is no positive cash flow the total amount of the loan will have to be repaid to the City at the end of 30 years.

Alderman O'neil asked if that was before or after overhead such as administration is covered.

Mr. MacKenzie responded that's after.

Alderman Gatsas asked where the City was going to be the prime tenant in this property at a lease of \$190,000 a year, I guess my question is why wouldn't somebody have come forward looking for this money before the lease process of the City.

Mr. Torres responded prior to the lease process we asked for a certain amount of funds and the project cost went up significantly and we had requested more funds to make the project work.

Alderman Gatsas stated but wouldn't it make sense your Honor, if we are looking at cash flow basis on repayment of this loan that we had some documents in front of us to show us some pro forma of payback, I would think before we just arbitrarily say that's the way the deal should be cut.

Mayor Baines stated this had been presented some time ago and the information has been available for review.

Mr. MacKenzie stated we do have those materials I'm sure NHS would be happy to provide extra materials and if the Board wished we could provide it to the full Board or the Finance Committee.

Alderman Gatsas stated I think that's what we tabled this for the last time was to get that information it was my understanding.

Alderman Lopez stated I think the question was answered as to what the deal was going to be. It's \$250,000 and it's going to be paid back on the principal as so stated and we need affordable housing and I would like to move the question.

The motion to move the question was seconded by Alderman Thibault.

Alderman Thibault asked if there was a payment in lieu of taxes.

Mr. Torres responded they pay the taxes, the property is assessed and whatever it is we pay it.

Alderman Thibault stated the real tax amount.

Mr. Torres responded yes.

Alderman Shea noted that in speaking with Ms. Hubbard today the \$250,000 would be used next year, it would not be used initially now because of the process, asking she explain.

Ms. Hubbard responded the process of financing an affordable housing project is a time consuming and multi-layered process. This would be one of probably six sources of funds in the project. Every time we get a commitment and a contract for funds it gives us leverage to get additional funds, and we would expect to go

into construction once all the funds are committed and available which is probably not for another nine months or a year.

Alderman Shea stated you had explained that the property was already owned by Neighborhood Housing and that already you have committed \$200,000 towards this particular venture, is that correct.

Ms. Hubbard responded we purchased this property in the name of a limited partnership which is controlled by Manchester NHS, and that's in order to be able to convert to the tax credit ownership, but the property was purchased with funds that were made available by Manchester NHS and there is \$200,000 of HOME funds, which are federal funds to the City, which are already committed to the project we are asking for an additional \$250,000 yes.

Alderman Shea stated aren't we using federal funds, this is not taxpayer money this is federal money.

Ms. Hubbard responded it was federal funds, yes.

Alderman Gatsas asked what the total cost of the units were.

Ms. Hubbard responded approximately \$140,000 is what we are estimating at this point.

Alderman Gatsas stated, per unit.

Ms. Hubbard responded correct.

Alderman Gatsas stated for an efficiency.

Ms. Hubbard responded no, for a two and three bedroom apartments primarily. We've retooled the project to make it work.

Alderman Gatsas stated so you are talking about the hotel section.

Ms. Hubbard stated we are talking about the hotel, the Straw Mansion, and some new construction on the site.

Alderman Gatsas stated so how many total units.

Ms. Hubbard responded 30.

Alderman O'Neil stated that's all changed since it was approved in committee. That's the problem, we get into problems with these projects.

Alderman Lopez moved that the Resolution pass and be Enrolled. Alderman Guinta duly seconded the motion. A roll call vote was taken. Aldermen Gatsas, O'Neil, and Garrity voted nay. Aldermen Guinta, Sysyn, Osborne, Pinard, Lopez, Shea, DeVries, Smith, Thibault and Forest voted yea. Alderman Wihby was absent. The motion carried.

- 6. CIP Budget Authorization:**
2003 611403 Renaissance 7 Affordable Housing Project –
Revision #1
(Tabled 10/15/02)

Alderman Guinta moved to approve the budget authorization. Alderman Shea duly seconded the motion. Alderman O'Neil, Gatsas, and Garrity were duly recorded in opposition.

Alderman Gatsas gave notice for reconsideration on both actions regarding the housing project.

There being no further business to come before the Committee, on motion of Alderman Pinard, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee

- 5. If there is no further business, a motion is in order to adjourn.**